



## Arcata Economic Development Corporation

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aedc1.org

### Mission

To provide loans and support to entrepreneurial, innovative business and community endeavors. AEDC provides financing for business opportunities in Del Norte, Humboldt, Mendocino, Lake, Siskiyou and Trinity Counties in Northern California.

### AEDC 2020 Board of Directors

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### Ross Welch: Executive Director Letter

FY20 tested us as individuals and as a country. In times like these, our strengths and weaknesses are accentuated. When the pandemic hit in March, the things we didn't know were monumental. What we did know was that this was going to be a very difficult year for our clients and our community.

Lenders are trained professionals who: 1) Follow detailed procedures; 2) Understand risk and try to mitigate it; and 3) Prioritize getting things done right over getting things done quickly.

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This year, lenders were asked to adapt their thinking to prioritize getting money into the hands of our business owners quickly, often while programs were still in development. Local institutions like the Humboldt Area Foundation and Headwaters Funds, in partnership with local jurisdictions, were developing bridge loan programs and grants to try to catch the needs of businesses and nonprofits that were falling through the cracks. Information was changing daily, and continues to be updated today.

One of the ways AEDC is unique to other lending organizations is that we work with several funders with diverse objectives. That diversity taught us to be nimble. When the new stimulus programs came our way, our team immediately began communicating with our clients, helping them understand their options, while deftly managing to process new loans in a fluid environment.

Meanwhile, we participate in the COVID-19 Economic Resiliency Consortium (CERC) meetings, collaborating so we provided consistent messaging and identifying areas where we could work together to get through this disaster. AEDC took the lead in distributing Personal Protective Equipment from the Governor's Office of Emergency Services and the Small Business Advocate throughout Humboldt and matching them with partners in Mendocino and Lake Counties.

Not only did AEDC process a greater number of loans than ever this year, but our team did it during tumultuous circumstances. That is the gift that 2020 gave us: The gift of knowing what we are capable of in times of great stress. To my whole staff, Kelli, Jayne, Deborah, Susan, Tony and Brandi, to our board of directors and to all of our colleagues in the region, thank you. I am proud to be part of this team. You give me great hope for the resiliency of our community when this is past. ♦

## Treasurer's Report



Michael Proulx

In my decades of service to AEDC, experiencing obstacles as well as achievements, I have never experienced a year like this one. The maturity of our organization was put on display. Despite all the chaos caused by the COVID-19 pandemic, AEDC remained a constant partner for businesses, adapting as opportunities came available to provide as much stability

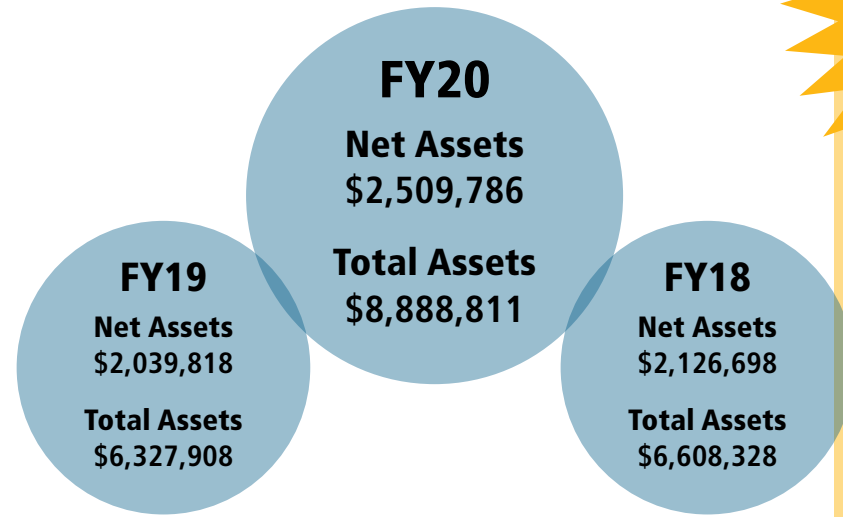
as possible to our clients. The organization has also remained operationally secure with another finding-free audit and our largest end-of-year net asset report to date. At \$2,509,786 AEDC's net assets are \$470,000 more than last year and \$383,000 more than FY18 (the previous year of our highest net assets ever).

Our goal this year was primarily to support our businesses to make it through this difficult time. We were able to help 112 clients, including AEDC existing clients and new businesses, through the Payroll Protection Program, the City of Arcata Business Resiliency Emergency Loan Program and the Del Norte County Emergency Loan programs. In contrast, in a typical year, AEDC may process loans for 12-20 businesses. This year, our staff worked tirelessly to make sure that, as long as we had the funding available, everybody who was eligible had an opportunity to be served.

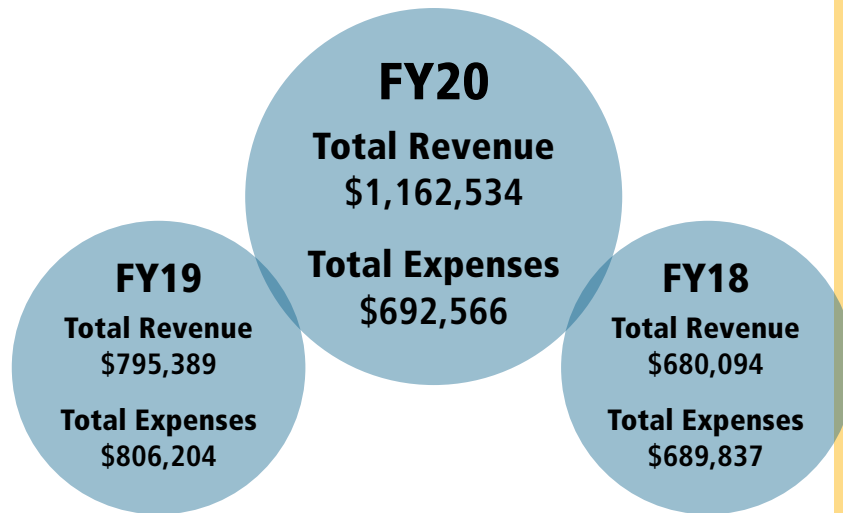
Our country will be facing an uphill climb out of this economic crisis; AEDC remains steadfast in managing sufficient loan loss reserves for loans that may be at risk in the coming years. We continue to identify opportunities to support the financial health of AEDC (through grants and diverse funding sources who reflect our mission) to support the economic health of our community. We continue to maintain continuous loan servicing which includes ongoing communication with our clients to anticipate and alleviate financial problems as soon as they arise.

This year has truly been a testament to years of building a solid team and practices so we could ride out some of the roughest part of the storm, without any indication of what would come next, and come out positioned to face whatever this new year brings us. ♦

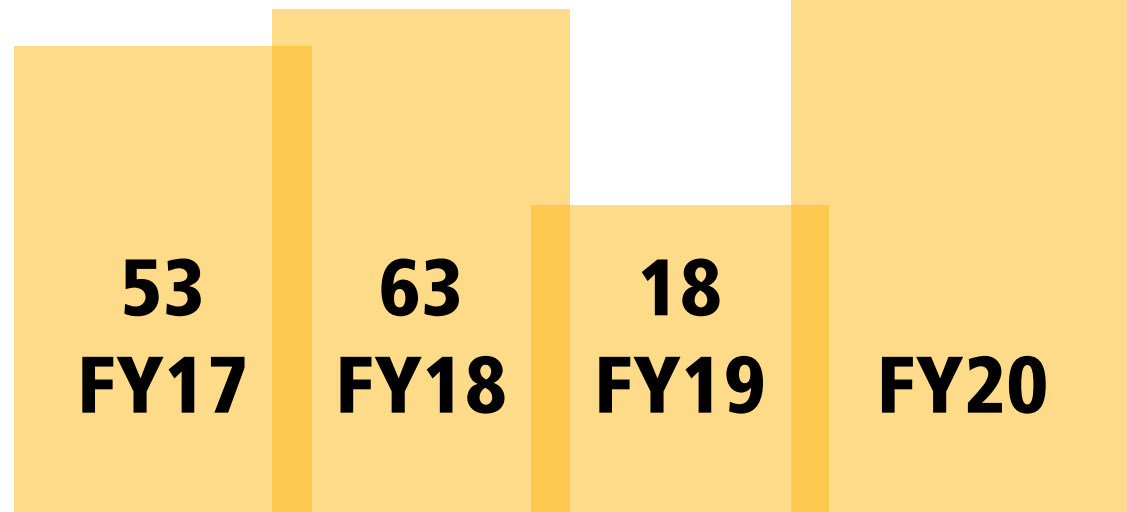
## FISCAL YEAR (FY) 2020 FINANCIAL POSITION



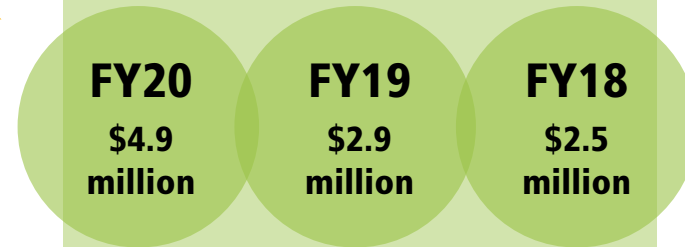
## OPERATIONAL ACTIVITIES



## JOBS CREATED OR RETAINED



## TOTAL LOAN DOLLARS



**AEDC RLF**  
30 Loans / \$970,500

**CITY OF ARCATA BUSINESS RESILIENCY**  
9 Loans: \$186,000

**HEADWATERS**  
19 Loans / \$946,000

**DEL NORTE BUSINESS RESILIENCY LOANS**  
10 Loans / \$50,000

**HUMBOLDT AREA FOUNDATION**  
8 Loans / \$750,000

**RABOBANK**  
4 Loans / \$111,000

**SBA MICROLOANS**  
4 Loans / \$48,200

**USDA IRP**  
27 Loans / \$1.5M

**USDA RMAP**  
14 Loans / 398,000

## Testimonial

"Business today is challenging enough for entrepreneurs! Finding business advice or loans can be difficult, especially for people expanding their horizons or a newly created company. We turned to Arcata Economic Development Corporation and were so impressed with their succinct answers to our questions. They speak to us in a straight forward manner and always respond quickly to our questions. We appreciate their friendliness and professionalism. AEDC is always eager to help the business community and have a tuned-in manner when discussing a client's future plans. Their advice has always been spot-on.

When COVID-19 hit our community, AEDC was instrumental in guiding us through the loan process. They had all our updated financial information because of our ongoing relationship with them. They were updated on the requirements and could quickly respond.

The highest praise you can give any business entity is to recommend them to others. And we have many times. They don't beat around the bush; they just want to help you get the job done!"

— Lori & Safar Ghaffari  
S&L Services inc.  
Denny's Restaurants of Humboldt County  
SBA 504 & PPP loan client





## AEDC Coordinates PPE Equipment Distribution

Local small businesses received face masks and hand sanitizer thanks to a contribution from the Governor's Office of Emergency Services and the Office of the Small Business Advocate. Nearly 3,000 gallons of hand sanitizer and 400,000 face masks were distributed by AEDC. By the end of July about 1,000 businesses and 9,500 employees received supplies. Materials will continue to be distributed until they are gone.

The materials filled an airplane hangar in Samoa until they were sorted and distributed. It took a team of local business support services to step up to make sure the distribution happened quickly. Members of the COVID Economic Resiliency Consortium (CERC) stepped volunteered to distribute materials throughout the county.

Local distribution partners included: Humboldt County Office of Economic Development, City of Arcata, City of Eureka, City of Rio Dell, College of the Redwoods Foundation, Eureka Chamber of Commerce, Fortuna Business Improvement District, Ferndale Chamber of Commerce, McKinleyville Chamber of Commerce, North Coast Small Business Development Center, Orick Chamber of Commerce, Southern Humboldt Business & Visitor's Bureau, Southern Humboldt Chamber of Commerce, Trinidad Chamber of Commerce, Willow Creek Chamber of Commerce, Redwood Region Economic Development Corporation, Don's Rent All and more.

AEDC was contacted by 3CORE, the coordinator for North State materials. AEDC arranged to get materials to Humboldt and identify distribution representatives in Lake and Mendocino Counties. ♦



## AEDC receives \$500,000 from California Wellness Foundation as a Program Related Investment

AEDC received its first Program Related Investment (PRI), money loaned at a below-market interest rate from the California Wellness Foundation. AEDC was recognized as serving a community need that aligned with the foundation's and can use the funds to invest in individual business and community projects. This agreement enables the foundation to further their mission without making traditional grants.

AEDC, a Community Development Financial Institution, is one of the first organizations to receive a PRI from the California Wellness Foundation and is the smallest organization. The California Wellness Foundation recognized AEDC's work on projects with several tribes throughout the community, like the Carson Block rehabilitation project and the Hoopa Grocery Store.

The California Wellness Foundation works with partners to break down barriers that impede health—in the broadest sense. They have a specific interest in organizations who have successful and ongoing relationship with tribal entities. By providing funding to projects that help build a stronger economic foundation in low-income areas, they develop the resources needed to improve overall health of that community. ♦



AEDC was able to work with several businesses in Del Norte County this year including Iron River Coffee & Espresso in Crescent City who received a small business start up loan and Redwood Hotel & Casino in Klamath who worked with AEDC to receive a Payroll Protection Program loan.

